

State Procurement Office

Workshop

The Basics of Procuring Health and Human Services

How the State Buys Health and
Human Services

August 25 and 28, 2003

How Does it All Fit?

The state has two statutes governing how state agencies make purchases:

- Chapter 103D, HRS
The Procurement Code
- Chapter 103F, HRS
Purchases of Health and Human Services

The Procurement Statutes

Chapter 103D, HRS	Chapter 103F, HRS
The Procurement Code	Purchases of Health and Human Services
Goods, services (except health & human services) and construction.	Health and human services.
Applies to state and county agencies.	Applies to state agencies.

The Application of 103F

What Are Health and Human Services?

Services to communities, families, or individuals which are intended to maintain or improve health or social well-being through methods including, but not limited to:

- a) Assessment, treatment, diagnosis, prevention and education services provided directly to a target clientele; or
- b) Insurance coverage for assessment, treatment, diagnosis, prevention and education services provided directly to a target clientele.

Purpose of 103F

- To improve the State's process of disbursing funds for health and human services by providing a single public procurement process for both the state and providers to use.
- To optimize information sharing, planning, and service delivery efforts. Limited resources can be used more efficiently and cost effectively, thereby allowing more time and attention on planning and delivery of services.

Administrative Rules Chapters 3-140 to 3-149

3-140	Definitions
3-141	General Provisions
3-142	Planning
3-143 to 3-147	Chapters on each method of procurement
3-148	Protests and Requests for Reconsideration
3-149	Contracting

Decision to ‘Make or Buy’

- The decision by the purchasing agency to ‘make’ or deliver the service or to purchase it.
- Occurs prior to the procurement process.
- Depends on factors including but not limited to:
 - Mandates;
 - Cost factors;
 - Fluctuation in need for services;
 - Flexibility of service configuration.

Chapter 103F has five methods of procurement

- Competitive (RFP)
- Restrictive (Sole Source)
- Treatment
- Small Purchase
(beware of parceling)
- Crisis
(the client’s, not yours)

Competitive Purchase of Service Request for Proposals (RFP)

- Solicitation of proposals to select providers and award funds for the delivery of health and human services.
- Public notice required.
- Term of contract: as stated in the request for proposals.
- Method of procurement to be used most often.

Restrictive Purchase of Service (Sole Source)

- Bases include, but are not limited to:
 - Need for a service in a geographic area available from only one provider.
 - Need for a service with a unique cultural approach designed for a limited target group available from only one provider.
 - Only one provider satisfies limitations imposed by funding source.
- Term Limit of Contract: not to exceed 2 years.
- Approval required: head of purchasing agency makes a written determination. Chief procurement officer approves the determination in writing.

List of Restrictive Purchase of Services Awards

<http://www.spo.hawaii.gov>

Click on:

... 'Procurement of Health and Human Services'

... 'Awards'

- Includes all requests for restrictive purchases for executive branch.
- Purchasing agency, status, provider, total funds, and contract term.
- For the most recent requests a copy of the request is also on the website.

Treatment Method of Procurement

For health and social work professional services that may be needed **from time to time**, including but not limited to medical treatment, counseling, physical, occupational and other therapeutic services, and referral and case management for those services.

Treatment Method of Procurement

(Bases for Use)

Utilized if either or both of the following are applicable:

- Such services may become necessary from time to time, but cannot be anticipated accurately on an annual or biennial basis;
- Delaying treatment until the procurement process and contract formation can be completed would render the problem needing treatment worse than at the time of diagnosis or assessment

Treatment

(Procedure: Solicitation)

Before the beginning of each fiscal year, a public notice issued by the State Procurement Office is published (newspaper and the Procurement Notices System website) describing the types of treatment services that may be periodically needed throughout the year and inviting providers to submit current statements of qualifications to the office of the administrator.

Treatment

(Procedure: Evaluation & Selection)

- Committee of at least 3 qualified employees evaluates submissions and other pertinent information and prepares a list of all qualified applicants.
- When the need to purchase arises, the head of the purchasing agency selects most qualified provider and a contract is negotiated. If negotiations fail, another provider is selected from the list.

Treatment List of Qualified Private Providers

including

Information on how to get on the Treatment List

<http://www.spo.hawaii.gov>

Click on:

...‘Procurement of Health & Human Services’

...‘Provider Lists’

...‘Treatment List of Qualified Private Providers’

Small Purchases of Services

- Services less than \$25,000
- In accordance with requirements and rules for small purchases. Generally, this means obtaining 3 quotes.
- Parceling is not permitted.
- Monetary Cap: \$25,000
- Dividing the purchase of same, like or related services into service purchases of smaller quantities, to evade the statutory competition purchase of service requirements is not allowed.

Crisis Purchase of Services

- Services for crises seriously threatening life, health or safety; are not already available, and needed immediately.
- Both of the following must be met:
 - The crisis results from domestic violence, physical or mental illness or injury, homelessness, etc. and results in a serious threat to life, health and safety.
 - The crisis generates an immediate and serious need for health or human services that cannot be met by any other purchasing agency that provides health and human services, or under other provisions of Chapter 103F.

Procurement Basics - Part 2

- Competitive Purchase of Services
 - Planning and Requests for Information
 - Registration
 - RFP Template
 - Secondary Purchases
- Contracting
- The SPO Website
- Questions

Requests for Information

- Recommendation: Purchasing agency should conduct at least one RFI before each RFP. Conduct 2 RFI's if it is a new service or if modifying the service or configuration of services.
- Description of the information being sought.
- Procedure for responding.

Requests for Information

(must contain)

- Statement that participation is optional and is not required to respond to a subsequent request for proposals.
- Statement that the purchasing agency reserves the right to incorporate or not incorporate any recommendations presented in the response to the request.
- Statement that neither the purchasing agency nor the interested party responding has any obligation under the request for information.

Registration of Providers with the State Procurement Office

- Allows private providers to demonstrate their good business standing and compliance with applicable law one time.
- Disclosure process whereby the State notifies the potential provider of various requirements for contracting should the provider be selected.

List of Registered Private Providers

<http://www.spo.hawaii.gov>

Click on:

- ... 'Procurement of Health and Human Services'
- ... 'Provider Lists'

To Register

- Must be in good standing with the DCCA
- Complete Form SPOH 100A and submit to SPO

<http://www.spo.hawaii.gov>

Click on:

- ... 'Procurement of Health and Human Services'
- ... 'Forms'
- ... 'Forms & Instructions for Private Providers'

RFP Template

	Cover letter Mail-in and delivery information
1	Administrative Overview
2	Service Specifications
3	Proposal Application Format
4	Proposal Evaluation
5	Attachments
	Proposal Application Checklist

Secondary Purchases

- A secondary purchase is a purchase made by one state agency utilizing the competitive procurement of another state agency. There are 2 kinds:
- **Planned Secondary Purchase**
When two or more purchasing agencies need to procure the same or substantially the same health and human services they may issue a single RFP.
- **After-the-Fact Secondary Purchase**
A purchasing agency may purchase the competitively procured service (or part of the service) that has been procured by another purchasing agency

Contracting

Can negotiate for a more advantageous contract for the state. What is negotiable:

- Contractual terms and conditions not specifically discussed in the request for proposals (RFP); and
- Contractual terms and conditions which are substantially the same/do not constitute a **material change to the proposal**.

Contract Templates

- 6 templates: 1 for each method of procurement and one for exempt procurements.
- Each template has the same general conditions.
- The general conditions are located at:
<http://www.spo.hawaii.gov>
... 'Procurement of Health & Human Services'
... 'Contracting'

SPO Website

<http://www.spo.hawaii.gov>

Click on:

... 'Procurement of Health & Human Services'

For current solicitations:

... 'Procurement Notices'

Services state agencies typically contract for:

... 'Awards'

... 'Contracts Database'

State Procurement Office

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The End

Thanks for Coming!

Questions? Contact us:

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